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Carr Fork mine stays closed; Anaconda not abandoning it

By a PAY DIRT Staff Reporter

Since the start of production, it seems that Anaconda Minerals Company's Carr Fork underground copper operation near Tooele, Utah has been in trouble.

First, it was unable to reach more than 40 percent of the designed production rate.

Then there was a hoisting accident in May 1980 that forced the operation to shut down for three months.

Apparently unable to quickly increase production and facing a depressed and uncertain copper market, Anaconda closed the entire operation for a year.

Although operations were to have resumed in November, company officials recently told 120 of the remaining 170 workers they were being laid off indefinitely.

The remaining employees had been doing underground development work, company officials said, but this work was immediately suspended with the October announcement. Fifty workers remain to continue pumping and other services to maintain the mine in a "state of readiness for the future," said Curt Burton, company spokesman.

Mine production started in August 1979, five years after development of the project was announced. Production began one day ahead of schedule and was near budget projections of $230 million. The future seemed bright.

One of the few underground base metal mines developed in the United States in the 1970s, Carr Fork was to produce between 41,000 and 50,000 tons annually of copper contained in concentrates. Mine production was to be 9,000 metric tons of ore a day.

Less than a year later, in May 1980, a hoisting accident caused the new operation to be out of commission for nearly three months. Anaconda estimated the downtime cost the company about 10 million pounds of production. In addition, there was equipment replacement cost of about $1.2 million and labor overhead and outside service costs of about $1.4 million.

No one was laid off in this incident, but on November 18, 1981 operations were suspended during the copper slump in order to clear up "technical problems" that had prevented the mine from working at more than 40 percent of capacity. The production level at the time of the shutdown was 3,600 metric tons of ore a day, or about 44 million pounds of copper a year.

Only 100 workers lost their jobs, leaving 800 to accomplish the necessary development work that the company wanted continued. Milling and concentrating operations were idled during the year and maintenance and office staffing were reduced to levels needed to handle the development activities.

ABLE TO MEET CONTRACTS

The shutdown didn't create any problems with the company's ability to meet concentrate contracts with several Japanese companies. Anaconda supplied the concentrates from its long-time mainstay, the Berkeley openpit operation at Butte, and from its one-half interest in Anamax Mining Company at Twin Buttes, south of Tucson.

At the time Carr Fork ceased production, Bill Thompson, vice president of Anaconda's copper operations, said, "Depressed conditions in the copper business have forced us to reconsider the schedule. We are slowing down development work at Carr Fork, with

Gold mining profit depends on who's doing it, and where

By a PAY DIRT Staff Reporter

Several of Nevada's large gold mines could make a profit with gold selling at only $200 an ounce, according to a recent report.

The nation's largest gold mine, however, would break even at a little less than $350, says the September issue of Mine Development Monthly, a newsletter published in Boulder.

Average gold production costs in the United States is $289 an ounce, up from $229 in 1980. That compares with about $222 an ounce in South Africa, which accounts for more than two-thirds of Free World output.

The lowest-cost producer is Pinson Mining Company, a relatively new openpit operation near Winnemucca, where costs were reported to be $121 an ounce. Pinson's costs were $115 an ounce last year.

Pinson is a joint venture of several Canadian firms, including Lacana Mining Corporation and Rayrock Mines Inc.

The operation produces 1,500 tons a day of ore that grades between 0.12 and 0.20 ounce of gold a ton. Mining and milling costs were reported as $19.95 a ton of ore.

Mine Development Monthly said Carlin Gold Mining Company operations and Freeport Gold Company's Jerritt Canyon Project both have costs that "are believed to be in the area of $200."

Carlin, a unit of Newmont Mining Corporation, has mining, milling and leaching operations — and considerable newly discovered reserves — near Elko.

Metals Week says overall production cost is below $195 an ounce "because of a patented double-oxidation process that treats Maggie Creek's 0.185 ounce per ton grade refractory high-carbon ore economically."

Newmont is expecting to recover 135,000 ounces of gold this year from its unit. The nearby Gold Quarry project is expected to come on line in 1984, adding between 120,000 and 150,000 ounces a year to total output.

The Jerritt Canyon operation's Bell mine,

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Carr Fork ...

resumption of operations to be based on the long-term economic outlook."

"The mine will continue pumping and maintaining its facilities until market conditions improve," said Bob Frantz, Carr Fork manager.

Company officials are making no public predictions as to when operations can resume.

"We would be smarter than the market if we knew when things were going to pick up," Burton said. "But this is in no sense an abandonment of the project, but just a curtailment until things get better," he added.

Anaconda has been trying to sell the underground property and at least two firms — Noranda Mines Ltd., a Canadian firm, and Kennecott Minerals Company, whose Utah Copper Division is next door to Carr Fork, possibly on the same orebody — have sent in teams to consider the operation, but neither has expressed further interest.

A new method of mining, which began last May, has had encouraging results, Frantz said. But even with this ray of sunshine in a rather gloomy sky, the company still had to shut down operations.

Frantz says copper prices will have to get back up to $1.10 to start Carr Fork up again.

"It will be very difficult for any of the workers to relocate within Tooele County," said Ken Martinez, of the Utah Job Service. "It's really ugly out there when it comes to finding work. We still have people from our last list that we are trying to help find work."

The layoff of the 120 workers is expected to boost the county's unemployment rate even higher. Through August, the rate was 10.6 percent, about two percentage points above the statewide average.